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Keep America Open to Trade

By Carlos M. Gutierrez and Arnold Schwarzenegger

As immigrants, we're proud of America and the strength it derives from being uniquely open to trade, to investment, and to ideas and people. Recently, prominent voices in punditry and politics have questioned the benefits of America's openness and called for an isolationist U-turn that would choke off our innovation and prosperity.

In every state of the union, such a retreat would be disastrous for jobs, economic growth and consumer choice. Nowhere is this more clear than here in Torrance, Calif., where today we are visiting a Hitachi plant that remanufactures auto parts. This "foreign" company employs 16,000 Americans -- 8,000 in California alone -- and is just one of hundreds of overseas firms that invest directly in the U.S. From where we're standing, what America needs is more openness here and abroad -- not less.

"But what about American manufacturing?" one might ask. "What about American exports?" Even at a time when our economy has slowed, U.S. exports are booming. In 2007, we saw a record \$1.6 trillion in exports, up 12.6% from the prior year. And exports are growing even faster in 2008. In the first quarter of this year, export growth is up nearly 18% from the same period last year. Nearly a third of all U.S. agricultural products and more than 20% of the goods we manufacture were exported last year. Indeed, exports have been a kind of silent stimulus over the past year, helping even a slowing economy stay in the black.

Here in California, exports are crucial to the economy. Since 2003, California's gross domestic product arising from exports has grown by more than 25%. With one in seven jobs related to trade, California leads the nation in trade-related jobs. Over 50,000 California companies export their goods, and more than 40% of U.S. goods are shipped through California's ports.

Opening markets and lowering barriers for U.S. exports creates jobs, spurs innovation, and gives our economy a competitive edge. Consumers also see the benefits -- they get a greater variety of higher-quality goods at lower prices. Free-trade agreements (FTAs) -- including those now pending before Congress with Colombia, Panama and South Korea -- solidify our relationships with key allies and level the trade playing field by lowering export barriers to American businesses, workers and farmers. Congress should approve these FTAs this year.

Most Americans aren't aware that the South Korea agreement is the most economically significant FTA outside of North America in U.S. history. Korea is California's fifth-largest

export market. The Los Angeles metropolitan area alone exported \$2.6 billion in chemicals, computers, machinery and other products to South Korea in 2006.

Unfortunately, Congress has scuttled a vote on the first of the three FTAs, the Colombia agreement. Who gets hurt by this? American workers. Why? Because open trade provides more markets for the products they make, and because Congress has already given Colombian exporters duty-free access to the American market for more than 16 years. In the 538 days since the agreement was finalized, American exports have faced more than \$1 billion in Colombian tariffs. All the FTA with Colombia does is provide American goods the same access Congress already gives Colombia.

Yet in the global trading system, America isn't just a buyer and seller, we're a huge investment magnet. That giant cash register sound you're hearing is the nearly \$200 billion pumped into U.S. businesses from abroad in 2006 alone. Foreign-owned companies operating in the U.S. employ more than five million Americans, and a third of foreign direct investment is in the manufacturing sector. For the 8,000 Hitachi employees here in California, some of whom we will visit today, and the other 8,000 spread across the U.S., foreign investment is a no-brainer.

California, like every state, wants to attract foreign direct investment that supports American jobs. Last week was "Invest in America" week, a federal effort to promote U.S. markets, our extraordinary workforce, and our innovation and business climate for foreign investors.

Yet for all the openness to trade and investment, it is America's openness to people that is the indispensable factor in our growth. Each of us knows that well. While we need secure borders, we also need to develop a sensible, comprehensive immigration policy that is humane, practical and consistent with the spirit of openness that is our nation's strength.

America is a launching pad for courageous creativity, with bold entrepreneurs churning out innovation after invention after idea. We're one of the wealthiest nations on earth because our society fosters companies like Intel -- co-founded by Andy Grove, an immigrant -- whose business model is driven by access to global markets.

It's true, we're currently facing economic headwinds. While the bipartisan, \$152-billion economic stimulus package will help, families are feeling pinched between energy costs, the housing crisis and rising food prices. These are complex issues without easy fixes. But there's an apt saying that will be on our minds as we talk to workers in Torrance today: "Fix the right problem." Because we're immigrants, we have seen firsthand what works here, and what does not work overseas. To us, it is clear that stifling foreign investment, taking a trade "time-out" that hurts U.S. exports, or turning away from the ideas and energy of immigrants, won't help America grow and prosper.

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